Chapter 3 AN ETHICAL AND VIRTUES-BASED MODEL OF LEADERSHIP FOR A GOOD GOVERNANCE INSIGHTS AND REFLECTIONS BETWEEN THEORY AND PRACTICE Del Baldo Mara* Department of Economics, Society and Politics University of Urbino Carlo Bo, Urbino, Italy

ABSTRACT The chapter addresses the theme of responsible and good governance based on a moral and virtues-based leadership approach. Leadership is essential to the success of implementing ethics within the organization and the benefits of diffusing ethical practices have been demonstrated stressing the importance of the leaders' virtues. Starting from these premises, the works focuses on entrepreneurial and managerial leadership and on its attributes and role in developing an authentic responsible orientation and a good governance. How does leadership affect the dissemination of a virtues-based orientation at all levels of the organization? Which are the attributes of a moral-based and virtues-based leadership? How do they affect governance? These research questions are the thread from which the study has been developed, focusing on the factors affecting moral and virtues-based leadership and governance and related actions and strategies. The analysis addresses attention to the balance between conditions under which strategies are carried out (models of work organization, corporate governance and business atmosphere, intra and extra-corporate relationships and leadership). Initially the work describes the theoretical framework paying specific attention to moral and virtues-based models of leadership and governance. Subsequently the chapter presents the first results of an empirical analysis centered on exemplary case-studies relative to Italian companies, which are included among the best performing ones and * Corresponding author: University of Urbino Carlo Bo, Department of Economics, Society and Politics, Via Saffi, 42 – 61029-Urbino (PU) – Italy. E-mail: mara.delbaldo@uniurb.it. 86 Del Baldo Mara have for years built a responsible orientation through their mission and governance models. The results of the study underline how virtues-based leadership can promote a cultural reorientation and valorize humanity and relationships with stakeholders. Moreover, findings highlight the need for developing further empirical research on the relationship between ethical values, virtues, integrity and good model of entrepreneurial leadership and governance. Keywords: leadership, values, virtues, authenticity, business, integrity, common good, good governance, responsibility, sustainability INTRODUCTION The business ethics literature emphasizes the values dimension of the entrepreneurial and managerial activity. Concepts such as management integrity, authenticity and virtues are becoming widespread in the corporate context, giving rise to models of good governance aimed at constructing a more civil economy (Carrol, 2000; Driscoll & Hoffman, 2000; Pruzan, 2001; Cortright, & Naughton, 2002; Argandoña, 2003, 2011; Gui & Sugden, 2005; Zamagni, 1995; Zadek, 2006; Ketola 2008; Hemingway & Maclagan 2004; Del Baldo, 2015). Moreover, several studies – which are placed within ethical theories (Garriga & Melè, 2004) – underline how entrepreneurial and managerial behaviors, attitudes and values lie at the base of social and sustainability-oriented strategies and actions (Spence, 1999; Vyakarnam et al., 1997; Spence & Lozano, 2000; Revell & Blackburn, 2007; Godoz-Diez, et al., 2011). In the last decades leadership ethics

literature have increasingly focused the leaders' behavior and the values and virtues from which it depends (Riggio et al., 2010). Leadership is a process which involves influencing others, within a group context, directed toward goal attainment (Olsen, 2010). Accordingly, leadership could be defined as "articulating visions, embodying values, and creating the environment within which things can be accomplished" (Richards & Engle, 1986: 206; Hetland, 2004). Several theoretical frameworks posit leadership: trait theories (that are concerned with identifying the leader's personal characteristics; functional theories (which focus on what leaders do); style theories (which concentrate on the manner of leadership adopted), as well as situational approach and contingency theories (that view differing leadership styles as being appropriate in different situations) (Cambridge, 2015: 296). Moreover, leadership theories and approaches include: transational leadership (Burns, 1978; Bass & Bass, 2008); passive–avoidant leadership (Bass & Riggio, 2006); servant leadership (Greenleaf, 1977); transformational/transforming leadership (Burns, 1978); ethical leadership; spiritual and moral leadership (Bass & Bass, 2008; Brown, 2005; Brown & Treviño, 2006; Alford & Signori, 2014; Malloch, 2008; Fry, 2003; Pruzan, 2011; Capaldi, 2013). Moral behavior and leadership are interrelated (Bass & Bass, 2008). Leadership is essential to the success of introducing ethics within the organization (Martin & Cullen, 2006; Kaptein, 2009; Kaptein & Wempe; 2002; Lloyd & Mey, 2010). The benefits of implementing ethical practices have been demonstrated pointing out the importance of entrepreneurial leader virtues (Dutta & Banerjee, 2011; Davis & Rothstein, 2006; Martin & Cullen, 2006; O'Fallon & Butterfield's, 2005; Riggio et al., 2010; Flores & Green, 2013; Brown, 2011). Starting from these premises, the chapter focuses on entrepreneurial and managerial leadership, as well as on its attributes and role in developing an authentic responsible Copyright @ 2016. Nova Science Publishers, Inc. All rights reserved. May not be reproduced in any form without permission from the publisher, except fair uses permitted under U.S. or applicable copyright law. An Ethical and Virtues–Based Model of Leadership Good Governance Insights … 87 orientation and a good governance. How does leadership affect the dissemination of a virtuesbased orientation at all levels of the organization? Which are the attributes of a moral leadership? How do they affect governance? In order to answer these research questions the study focuses on the factors which affect moral and virtues–based leadership and governance and related actions and strategies. The analysis addresses attention to the balance between conditions under which strategies are carried out (models of work organization, corporate governance and business atmosphere, intra and extra–corporate relationships and leadership). First, the work offers an analysis of the theoretical framework paying specific attention to values and virtues–based models of leadership and governance. Secondly, the paper presents the first results of an empirical analysis, centered on exemplary case–studies (Yin, 2003; Naumes & Naumes, 2006; Eisenhardt & Graebner, 2007) related to four Italian companies, some of which are included among the Italian best performing ones (Marchegian excellent companies – Istao, 2014) and have for years built a responsible orientation in their mission and governance models. The empirical study has been developed using different research tools (interviews, participant observation) and following the action research approach (Contrafatto, 2011). The results of the study have both scientific and managerial implications and underline how virtues–based leadership can drive a cultural reorientation and valorize humanity and relationships with stakeholders. Moreover,

findings point out the need for developing further empirical research on the relationship between ethical values, virtues, integrity and good model of leadership and governance. THEORETICAL FRAMEWORK Moral–Based Leadership and Governance In the ethical leadership construct (Brown, 2005) a good leader is portrayed as a moral person (e.g., fair, honest, behaving morally both in personal and professional life) who influences followers' moral conduct and ethical behavior. Leadership is not possible without ethics as "being a moral leader and doing, acting with moral leadership are one" (Hoivik von Weltzien, 2014: 3). On the one hand moral behavior1 is influenced by situational factors such as role modeling, diffusion of responsibility and conformity (Bass & Bass, 2008). On the other hand individual differences (i.e., personality and values) act as antecedent of moral behavior (Brown & Treviño, 2006; Rest & Narvaez, 1994). When linked to spirituality moral leadership has been viewed as the mean by which religious beliefs impact leaders, the workplace and the society (Hoivik von Weltzien, 2014; Alford, 2015; Bouckaert, 2011). Managers and entrepreneurs who hold a spiritual perspective on life are more ethical in their business conduct than those who do not hold a spiritual perspective (Parry & Proctor–Thompson, 2002; Bouckaert, 2011; Pruzan, 2011). The "spiritual leadership" literature assumes that leaders create a sense of spiritual meaning in followers through values such as honesty, humility, frugality, motivated by leaders with a calling to serve God or humanity (Fry, 2003; Bouckaert, Opdebeeck & Zsolnai, 2007; 1 Moral behavior is defined as the ability to implement justice requirements derived from a fair distribution of rights and duties in a demanding operational context (Greenberg & Colquitt, 2005).

88 Del Baldo Mara Capaldi, 2013). In this regard Malloch (2008) provides several examples of "spiritual enterprises" in which virtues are daily applied in the operative, organizational and strategic management. These companies – also called visionary companies – possess a high level of social and spiritual capital, are characterized by different religious faiths and are diffused both in developed and emerging countries. Ethical standards in business setting, levels of corporate responsibility and the role of religion in business ethics are the interrelated concepts that Sauser Jr. (2005) addressed in his work developing the idea of business as a calling in a religious sense, that which leads to a particular attention paid by business leaders in creating an ethical organizational culture, a good governance and developing an authentic orientation toward CSR (corporate social responsibility). Indeed ethics literature has emphasised management integrity, authenticity and virtues which are becoming widespread in the corporate context, giving rise to new models of governance and business aimed at constructing a more civil economy (Driscoll & Hoffman, 2000; Pruzan, 2001; Cortright & Naughton, 2002; Argandoña, 2003 and 2011; Luthans & Avolio, 2003; Gui & Sugden, 2005; Zamagni, 1995; Zadek, 2006). These studies are a significant and emerging part of the theoretical framework on CSR and sustainability (Garriga & Melé, 2004; Becker, 1998; Brown, 2005; Ruisi, 2010; Malloch, 2008). The organizational culture imbued with moral leadership enjoys several benefits: understanding of the interdependence with stakeholders; learning environment; respect and trust; cooperation; responsibility and accountability. As we can see in the following sections, this is not an idealistic approach and one can find examples (i.e., the Norvegian company Stormberg A/S; see Hoivik von Weltzien & Melé, 2009) of organizations that apply it and where

moral leadership is inspired by constitutive moral elements: innovation, intuition, imagination and attention (Hoivik von Weltzien, 2014). The moral imperative of innovation requires seeing the whole and understanding how human action impacts on others, including the environment (Bruni, 2012; Bruni & Sena, 2013). Moral leadership and moral creativity have become ever more important for businesses and for the development of sustainability. A challenging approach suggested by Visser (2011) rests on the notion that business survival depends on a continuous striving for sustainability and that moral leadership is a key driver to implementing authentically responsible and sustainability–driven strategies (Goffee & Jones, 2009). While these strategies can (and could be) be opportunistically used as a commercial instrument, formalized and aimed to increase legitimacy (Porter & Kramer, 2006) and external recognition (Matten & Moon, 2008; Castelló & Lozano, 2011), many companies are characterized by a business culture making responsibility and sustainability a moral duty driven primarily by an intrinsic motivation (Graafland & Van de Ven, 2006). Furthermore, extrinsic orientation is mainly diffused among large companies while SMEs (small and medium–sized enterprises) and family businesses are more often intrinsically motivated by and are nurtured by social capital and values tipical of the entrepreneurial and familial capitalism. They rely on their long–standing informal networks rather than on formalized policies (Spence et al., 2003; Steurer et al., 2012; Fifka, 2012; Looser & Wehrmeyer, 2015). Several studies in recent decades have in fact highlighted the existence of many companies, often little known, even silently, which are witnesses of authenticity in their strategies and actions. Particularly, intrinsic motivations are diffused among "ideal–based company" (Malloch, 2008; Molteni, 2009; Capaldi, 2013; Del Baldo & Baldarelli, 2015), such as community–based companies (Peredo & Chrisman, 2006), territorial companies (Del Copyright @ 2016. Nova Science Publishers, Inc. All rights reserved. May not be reproduced in any form without permission from the publisher, except fair uses permitted under U.S. or applicable copyright law. An Ethical and Virtues–Based Model of Leadership Good Governance Insights ... 89 Baldo, 2010b), economy of communion (Eoc) companies (Baldarelli, 2011), as well as family–based enterprises, whose social responsibility vision affects its responsible behavior (Aragòn Amonarriz & Iturrioz Landart, 2016; Del Baldo, 2012). All these companies form a diversified network that, throughout the world, offers example of authentic ethical–based connotation (Hoivik von Weltzien, 2014). The business world needs for "the application of successful intelligence and creativity toward the common good" and brave leadership capable of contrasting mainstream economics and business conducts which consider only monetary values, disregard non–market stakeholders and discount the future (Zsolnai, 2015). "When one thinks of a good leader (manager or entrepreneur), one thinks about a person who can get the most out of others. Such a leader can then find a way to motivate others to excel and to provide the resources to allow people to develop their capabilities in a way that coheres with the greater community" (Bertland, 2009: 145). Authenticity as a driver of entrepreneurial and managerial behaviour relates to the expression of integrity (see Kaptein & Wempe's (2002) "diamond of integrity" management model) that is about being sincere, honest and genuine (Trilling, 1972; Cardon et al., 2009; Aragón Amonarriz & Iturrioz Landart, 2016). Entrepreneurial and managerial authenticity influences the nature and extent of responsible and good governance and the stewardship approach adopted to manage stakeholders' expectations. Organizational integrity means that the

organization's values should guide its interactions with internal and external stakeholders" (Painter–Morland, 2006: 358). It reflects the organization's identity, goals and culture and is supportive of ethical behavior. It can only exist where there is mutual trust between the organization and its stakeholders (Paine, 1994) which, in turn, depends on the manner in which the organization succeeds in living according to its stated values. Principles which express authenticity in the business context translate into acting with honesty and fairness with customers and suppliers (providing good and safe products and services; openly share knowledge and competences; building lasting relationships); being a good citizen (providing opportunity for less privileged people; making a full and fairly contribution to society); nurturing a responsible and responsive employer (treating everyone with dignity and ensuring people continuous improving and learning foster innovation, leadership and accountability); being a guardian for future generations (contributing to protect the natural world and conserve its finite resources; investing in developing skills, knowledge and understanding in wider society); having a purpose (holistic development) which delivers long–term sustainable performance (Sorci, 2007; Bebbington, 2007; Ketola, 2008). Accordingly, practices that are formed from authenticity include a cultivation of direct relationships with stakeholders beyond what is economically required, and the fostering of trust is relationships within the company and between the corporation and its stakeholders (Thomson, & Eynikel, 2011). Alford (2015) suggests a framework to orient a good governance, whose purposes are: 1) the common good, intended as "delivering value by serving society" and 2) the dignity and value of people. Coherently, behaviors needed to to achieve these purpose are: solidarity (other people "matter"); subsidiarity (freedom with responsibility); reciprocity (building trust and trusted relationships); plurality (valuing diversity and building "bridges"); sustainability (stewardship of people, values and resources). Governing and running a company then requires exercise a leadership based on values such as caring, people–centredness and integrity, so as to ensure its prosperity founded on Copyright @ 2016. Nova Science Publishers, Inc. All rights reserved. May not be reproduced in any form without permission from the publisher, except fair uses permitted under U.S. or applicable copyright law. 90 Del Baldo Mara transparency, accountability and responsibility (Von Ahsen, 2015; Oreg & Berson, 2011). Literature distinguishes between authentic and pseudo–transformational leaders (Bass & Steidlmeier, 1999) and focuses on "authentic leadership" as a "root–construct" and a vital component of good leadership and governance (Luthans & Avolio, 2003). The nexus between corporate governance and the entrepreneur/managers' responsibility is a theme which, in recent decades, has fully merged into the ethics of responsibility theory marking the shift from a governance centered on managerial/entrepreneurial aims to a multipolar and holistic model (Sacconi, 2008). In this sense, stakeholder theory (Freeman, & Reed, 1983) – which introduced the concept of equity (fairness) toward stakeholders – also becomes an ethical theory, in which values and principles of moral nature are recalled (Sciarelli 2007). At the same time, stewardship theory – founded on psychological and sociological traditions – represents an alternative model of motivations and managerial behaviours (Davis et al., 1997), based on a concept of "man" moved by a complex of motivations that are at once economic (extrinsic and tangible), social, and emotive and oriented toward cooperative and non–conflictual government, founded on trust and a long–term perspective of development (Del Baldo, 2012).

Moreover, an interpretative key of authentic and moral leadership is provided by the construct of virtues–based leadership, briefly described in the following section. Virtues–Based Leadership and Governance The role of virtue ethics is becoming increasingly relevant. Virtue ethics represents a developing approach within business, following on the "recovery" of the idea of virtue in mainstream philosophical ethics in the second half of the twentieth century (MacIntyre, 1985; Liu, 2007; Battaly, 2010; Alford & Signori, 2014). Virtue ethics attempts to ground ethics on the basis of character rather than rules (Bertland, 2009) and emphasizes integrity. Among the "virtue ethics" is a Neo–Aristotelian approach applied to business ethics by Solomon (1992ab), Hartman (2011) and Nussbaum (2000) (See Melé, 2009b). Virtues (from the Latin virtus, i.e., strength) are the realization of the potential of human beings to be able to achieve what is good for them and for others (the so called "good life"). They develop gradually and in relationship with others and help us act in excellent ways (Table 1). Aristotle distinguishes between virtues of character (moral virtues) and virtues of mind (intellectual virtues). The moral virtues, such as courage and generosity, arise through habit (Aristotle, Book II, Chapter 6, 1106b–1107a; Aristotle, 1980) and involve rational choice. By intellectual virtues (skill, scientific knowledge, practical wisdom, wisdom and intellect) a person may achieve excellence in reasoning and truth. They are acquired primarily through teaching (Aristotle, Book VI, Chapter 3, 1139b). Practical wisdom is as a bridge between the intellectual and moral virtues. Virtues are also conceived as spiritual values and include both the aforementioned four cardinal virtues and the three theological virtues (Faith, Hope and Charity). Recently, scholars have begun to stress the relevance of cardinal virtues (fortitude, prudence, temperance, justice; St. Thomas Aquinas) in the business context both at the individual and organizational level (Malloc, 2008; Melé, 2009a–b; Ruisi et al., 2009; Ruisi, 2010; Del Baldo, 2013a; Del Baldo, 2015). An Ethical and Virtues–Based Model of Leadership Good Governance Insights … 91 Table 1. Virtues in the Classical and Christian Thought Cardinal Virtues (Plato) Temperance: ability to moderate sentiments Courage: strength of spirit to carry out virtuous behavior Wisdom/Strength: control of passion Justice: equilibrium Ethical/Moral Virtues (Aristotle) Courage: balance between cowardice and boldness Temperance: balance between intemperance and insensitivity Generosity: balance between avarice and prodigality Magnanimity: balance between vanity and humility Mildness: balance between quick temperedness and idleness Justice: balance between conferment of honours, wealth and goods Intellectual Virtues (Aristotle) Arts: technical abilities Science, Wisdom, Intellect: ability to think clearly Practical wisdom, Prudence: ability to know the right way to achieve an objective Teological Christian Virtues (St. Paul) Faith: belief in God and His revelations Hope: eternal life as the achievement of happiness Charity: loving God above all else and loving others as one loves oneself Transcendental Cardinal Values (S. Thomas Aquinas) Fortitude (Courage): persevering or pursuing what is good in spite of obstacles. Prudence (Practical wisdom): aids practical rationality in identifying the right thing to do in each situation. It supports the suitable means for the attainment of purposes, ultimately self–realization. Temperance (Moderation): ability to control one's emotions by accepting her/his deficiencies. Justice (Friendship): regulates the relationships with others (commutative/reciprocal,

regulative and legal justice). In a broad sense justice refers to benevolence and care for the good of others and thus it is close to caritas, communion and friendship. It comprises all of the virtues regarding human relations including: honesty, loyalty, gratitude, generosity and solidarity. Source: our elaboration. Bastons (2008) underlines the role of virtues in the framing of decisions and in particular the habits and virtues (cardinal virtues) in classical Ethics (Aritotelian and Thomistic ethics). These virtues are cardinal because they are related to the human faculties that determine the structure from which decisions are made (Pieper, 1966). More specifically, fortitude (Courage) means persevering or pursuing what is good in spite of obstacles. Prudence (practical wisdom) aids practical rationality in identifying the right thing to do in each situation and supports the suitable means for the attainment of purposes, ultimately selfrealization. Temperance (Moderation) is the ability to control one's emotions by accepting her/his deficiencies. Justice (Friendship) is a virtue that regulates relationships with others (commutative/reciprocal, regulative and legal justice). In a broad sense, justice refers to benevolence and care for the good of others and thus is close to caritas, communion and friendship. It comprises all of the virtues regarding human relations including: honesty, loyalty, gratitude, generosity and solidarity. In a business context courage is competence for operating decisions; prudence is competence for predicting; temperance (the habit of self–

92 Del Baldo Mara control) is competence for evaluation and justice is integrity for action. Other similar moral virtues are: generosity – balance between avarice and prodigality, magnanimity – balance between vanity and humility, mildness – balance between quick temperedness and idleness. Charisma and ability to motivate members of the organization by leveraging the transmission of corporate values and the ability to create and manage working groups and orient them toward common goals, the level of members involvement in the decision–making process as well as the human support to collaborators, are all factors placed among the leadership dimensions identified in the Globe research program (2008) – global leadership and organizational behavior effectiveness – aimed to understand the cultural characteristics that positively or negatively influence the leader effectiveness. Some of these dimensions include aspects such as compassion, generosity and charisma, which can be traced back to the transcendental virtues. Moreover, Flores & Green (2013) verified that leader assessments on the Leadership Virtues Questionnaire – used to measure four leader virtues: prudence, fortitude, temperance and justice – were positively related to assessments of authentic leadership, ethical leadership and transformational leadership2. Virtue ethics contributes to an environment for business that fosters best practices (Flynn, 2008) and allows us to understand the "roots" of a good governance as per the examples provided in the next sections. VIRTUES–BASED LEADERSHIP AND GOOD GOVERNANCE IN ACTION Methodology In order to verify whether a virtues–based model of leadership and governance are applied in the business context, four Italian companies have been selected from two different databases. The first is a national database related to companies monitored by the ISVI Italian Observatory (Istituto per i valori d'impresa – Institute for the Company's Values) and included among the excellent companies (Marchegian excellent companies – Istao, 2014). The second one is the international Observatory of the

Economy of Communion companies (www.eoc-online.org). All businesses are sustainability-oriented and over the years have implemented many actions, projects and accountability tools (Del Baldo, 2010a; Del Baldo, 2013a; Del Baldo, 2014; Baldarelli & Del Baldo, 2015). The empirical study was developed according to a qualitative approach and a case study methodology (Eisenhardt, 1989; Yin, 2003; Naumes & Naumes, 2006) and is placed in a body of research which involves both academics as well as practitioners (included entrepreneurs and managers) making ample use of case-studies to critically evaluate innovative leadership and governance model at the bases of authentic CSR and sustainability-driven strategies. Indeed recently, scholars have called for a return to in-depth methods, such as narrative and case-studies (Gartner, 2007) that are valuable for generating theoretical propositions (Eisenhardt & Graebner, 2007) and for actively contributing to face business challenges through the direct involvement of managers, entrepreneurs and scholars (action-research approach) (Contrafatto, 2011). 2 The Leadership Virtues Questionnaire (LVQ) was developed through successive pilot tests representing over 1,000 managers. Table 2. Companies' profile Company's name Ownership and size Economic Sector and Activity Italian Region Year of foundation Market Brunello Cucinelli Spa Listed Open-family company Large-sized Textile: production of high quality clothing, shoes, and accessories Umbria 1978 1,300 employees National and International BoxMarche Spa Not listed; Family based company (open to external members) small-sized company Paper industry: design and production of packaging for the food and houseware sectors Marches 1969 50 employees Mainly National Loccioni Group Not listed; Family-owned mediumsized company Electronic industry: electrical and automatic equipment; plants-design-robots; automotive; integrated technologies for environmental monitoring and quality control; biomedicine and medical equipment; equipment for the management of domestic energy (green energy); training courses and consultancy for technical and management education Marches 1968 More than 300 employees Mainly international Mercurio Net Not listed; Non- family owned Small-sized Economy of Communion company ITC - Informatics solutions (hardware, software, services) Marches 1994 7 employees and 10 external collaborators Local and Regional 94 Del Baldo Mara Data have been collected through a variety of sources: interviews addressed to the entrepreneurs, the top and mid-management team, as well as internal collaborators, local partners and external stakeholders; direct observation during company visits, meetings, and focus-groups; documental analysis (relative to social and sustainability reports, ethical codes and information available on the company website) as well as technical, managerial and scientific publications refereed to the selected enterprises. Some of the companies have for years been involved in different forms of collaboration (interventions in entrepreneurship education initiatives, workshop and conferences). The period of analysis is multi-year (starting from 2012 and still in progress). Table 2 summarizes the essential attributes of the selected companies. Below, for each company, portions of the interviews addressed to the entrepreneurial/ management team are cited. Moreover, some projects and strategies that concretize the virtues-based

model of leadership and governance are briefly described. Brunello Cucinelli Spa Convinced that the peaceful atmosphere and the beauty of a local area enhance creativity and the respect of human values, Brunello Cucinelli set up the headquarters of the company in the fourteenth century village of Solomeo, in Umbria, in the same places where he absorbed St. Francis's philosophy since his childhood. The entrepreneur is actively involved in working for the common good by producing a shared value, which is the fruit of his involvement, together with his employees and the local community. "I dream of a form of modern capitalism with strong ancient roots. I believe in a humanistic enterprise, which always places human values in first place. I think that there can be no quality without humanity. In my organization the reference point is the common good." (B. Cucinelli, 2015) "All revenues are divided in four equal parts: the first is attributed to the company, in order to consolidate future investment; the second one to the entrepreneur; the third to the employees, whose salaries are about 20% higher than the national contract, while the fourth part is to beautify humanity, that is, the creation of services, i.e., a theater or a hospital, that can benefit the entire community." (B. Cucinelli, 2015)1 "I would like to convey our land and the place from which we come through our artifacts, trying to work with dignity, tolerance and respect. Our daily work becomes a partaker of spirituality." (B. Cucinelli, 2015) BoxMarche spa2 The BoxMarche's mission is "a call to reach the summit" in all fields and to be an excellent company based on solid principles such as partnership, the centrality of the person, constant improvement, respect for environment and territory and instilling a relationship of trust and transparency among the local community and with the public sector. A true art thrives in BoxMarche – the art of running a harmonious business by reconciling economic objects and human interests on a day–to–day basis. BoxMarche has a soul, and never forgets its origins; it has character, which is the fruit of the set of values and principles ingrained in its mission and translated into its governance. The firm is conceptualized as a "narrative 1 www.brunellocucinelli.com/it/filosofia#/page1 2 For a more detailed analysis of this case, see: DelBaldo, 2010b.

An Ethical and Virtues–Based Model of Leadership Good Governance Insights … 95 identity" that is an entity that "tells a story" every day. Responsibility and sustainability are not considered as a mere opportunity for improving the firm's visibility and reputation, but are experienced as a "way of doing business." They are motivated by moral reasons. Value orientations and ethical principles (which are shared among the entire organization) guide strategic decisions and reinforce the organizational culture. The conviction that permeates BoxMarche is that entrepreneurial and managerial leadership founded solidly on ethics, has greater probability of emerging and ensuring competitiveness and resilience. "The true roots of BoxMarche and of many Marchegian entrepreneurs, can be traced back in the agrarian culture based on the Christian doctrine, and which became the foundation for sustainable, authentic and humane socio–economic development. The management of BoxMarche is the classic demonstration of a category of entrepreneur who has embraced the precious education inherited from one's ancestors: the fundamental values of family, faith, work, commitment, energy and courage. It is the reason why the company stands out, a badge of honor for our land." (Don Lamberto Pigini, President of Pigini Group, partner, 2013) "We have an emotional tie to our territory. We want to

use our abilities to sustain the local economy. Our activities are not only business choices but are networks made, first and foremost, by human beings." (T. Dominici, Managing director of BoxMarche, May 23rd, 2012) "Perhaps it's a little presumptuous, but we love to define ourselves as the agents of civilization. The small entrepreneur is a "builder" (of activities, of men, of wealth). Our firm embodies a narrative identity and tells a story. For this reason, it has a soul linked to the spirit and dignity of the persons and is called to a great responsibility, inasmuch we have inherited the land from our fathers, but we also have it on loan from our children." (T. Dominici, Managing director of BoxMarche, April 5th, 2011) Loccioni Group3 Enrico Loccioni's entrepreneurial venture represents an excellent example of an evolutionary path (started in the 1960th) taken toward a knowledge-based business, centred on the principles of tradition and innovation. At the same time it exemplifies the industrial processes of many Italian small towns launched first by entrepreneurs who gave value to the heritage of customs, traditions, civil conditions that their sharecropper ancestors had left. This inheritance of co-responsibility is deeply entrenched in the Marchegian spirit and culture based on solidarity, good sense, wisdom, prudence, work ethics and neighbourliness. Nowadays the Loccioni Group is included among the Italian best performing companies (Marchegian excellent companies – Istao, 2014) and has been recognized as "the best place to work" and "top employers company" 2014 by the CFR and the Great Place to Work Institutes (CRF, 2012). Moreover, a multitude of recognitions have been attributed both to the founder (Enrico Loccioni) and to his Group: for the excellent level of innovation, the authentic implementation of CSR and sustainability-oriented projects and the genuine ethical orientation (i.e., the Sodalitas Social Award in 2005, 2008 and 2009, for "Internal Processes of CSR and network enterprise model," the "Metalmezzadro project in the knowledge-based business" and "Sustainability Projects"); the "Business and Culture" Award in 2003; the Legambiente award (for the "Leaf Community Project: Leaf Energy and Future" and for 3 For a more detailed analysis see: Del Baldo, 2013b. 96 Del Baldo Mara being a partner of the European Commission in the Sustainable Energy Europe Campaign); and the "Olivettiano Business of the year 2008" by Ernst & Joung.